



Connecticut Business & Industry Association

**Testimony of Kia F. Murrell
Assistant Counsel, CBIA
Before the Committee on Labor and Public Employees
Hartford, CT
February 10, 2009**

**S.B. 711 AAC Elimination of State Financial Assistance
for Companies that Reduce Retirement Benefits**

Good Afternoon Senator Prague, Representative Ryan and other members of the Committee. My name is Kia Murrell, Assistant Counsel for Labor & Employment matters at the Connecticut Business and Industry Association (CBIA). CBIA represents more than 10,000 companies throughout the state of Connecticut, ranging from large corporations to small businesses. We believe that **S.B. 711 will have a negative impact on economic development in the state by discouraging companies from becoming state contractors.** Therefore, **we oppose this legislation.**

S.B. 711 proposes to eliminate state financial assistance to businesses (ie, state contractors) that reduce employee retirement benefits during the term of their contract(s) with the state. State "financial assistance" includes, but is not limited to, all forms of loans, grants, guarantees and tax abatements and a "reduction" appears to be any decision which negatively impacts employee retirement benefits. If an organization eliminates or reduces any retirement benefit, the full amount of financial assistance received plus a 5% penalty must be repaid to the providing agency.

This measure disregards the fact that companies often make necessary financial decisions that both directly and indirectly affect employee retirement benefits. In the same way an individual periodically adjusts their own retirement accounts, businesses make those same decisions usually for the purpose of positively impacting company finances. However, sometimes these actions have unintended negative results. Given that **companies must determine and act according to their fiscal priorities and objectives**, it is both unfair and impractical to penalize a company for its actions. Simply put, this is no place for legislation. Companies must be free to make financial decisions in their own best interests. Moreover, over the life of a typical retirement account, its performance will peak and dip with economic conditions, the stock market and other factors beyond the company's control. Penalizing corporate investment decisions simply because they may have some negative impact on retirement benefits will very likely discourage some companies from pursuing state contracting opportunities that could benefit state residents and state economy.

For the aforementioned reasons, **we oppose this legislation.**